

# **RAMOTSHERE MOILOA LOCAL MUNICIPALITY**



## **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR  
ENDING  
30-06-2006**

**RAMOTSHERE MOILOA LOCAL MUNICIPALITY**

**FOR THE YEAR ENDED  
30-Jun-06**

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## **GENERAL INFORMATION**

### **MEMBERS OF THE EXECUTIVE COMMITTEE**

Councillor MR. M. Chairperson of the Executive Committee  
Councillor BR Dipa Member of the Executive Committee  
Councillor MH Mot Member of the Executive Committee  
Councillor JF More Member of the Executive Committee  
Councillor LL Mats Member of the Executive Committee  
Councillor SS Mor Member of the Executive Committee  
Councillor IC Selel Member of the Executive Committee

### **GRADING OF LOCAL AUTHORITY**

Grade 6

### **AUDITORS**

Office of the Auditor-General

### **BANKERS**

First National Bank – Zeerust

### **REGISTERED OFFICE**

<b>Municipal Offices</b>	<b>PO Box 92</b>	<b>(018) 64 21081-5 (Tel.)</b>
<b>Coetzee Street</b>	<b>ZEERUST</b>	<b>(018) 64 23586 (Fax)</b>
<b>ZEERUST</b>		
<b>2865</b>	<b>2865</b>	

### **MUNICIPAL MANAGER**

Mr. KG Chauke

### **ACTING DIRECTOR FINANCE**

Mr. JJ Cromhout

## **MEMBERS OF THE COUNCIL**

### **COUNCILLOR**

Clr. Dipale BR      Clr. Boikanyo A.E. Clr. Dreyer C.

Clr. Lekalake T.P. Clr. Magagane I.O Clr. Malope N.F.

Clr. Manthoko K.I. Clr. Matsobe L.L    Clr. Mediro P.P.

Clr. Mogapi L.T.    Clr. Moilwa T.B.P    Clr. Mokotong K.P.

Clr. Molebatsi D.D Clr. Molefe M.A.    Clr. Molwantwa E.R

Clr. Montwedi B.E. Clr. Morebantwa T Clr. Moreki S.S.

Clr. Moroeng N.T. Clr. Mosweu B.J.    Clr. Motona M.H.

Clr. Motsosi L.R.    Clr. Pilane M.P.    Clr. Pule K.D.

Clr. Rakgoale M.G Clr. Raphunga L.G Clr. Saku

Clr. Sedite T.F.      Clr. Selau L.S.      Clr. Selebogo I.C.

Clr. Thwesha A. J. Clr. Tolo B. A.      Clr. Tsile C. S.

Clr. Tshubi RB

MAYOR : Councillor M. P. Pilane

### **APPROVAL OF FINANCIAL STATEMENTS**

*The annual financial statements set out on pages 1-14 were approved by the Municipal Manager on 14 September 2006 and*

.....  
**MUNICIPAL MANAGER**

*(Accounting Officer)*

DATE : .....

.....  
**Director Finance**

DATE : .....

<b>RAMOTSHERE MOILOA LOCAL MUNICIPALITY</b>
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## **DIRECTOR FINANCE REPORT**

### **1. OPERATING RESULTS**

For the year 30 June 2006, the municipality had a surplus of R11 019 770 compared to R14 020 170 in the prior year.

Refer to APPENDIX D, for the detailed Income Statements

### **2. CAPITAL EXPENDITURE**

<b>Description</b>	<b>2005/6 Actual</b>	<b>2004/05 Actual</b>
Expenditure	3 566 136	1 467 000

### **3. EXTERNAL LOANS**

Loan was taken from DBSA for an amount of R835 390 during the year.

### **4. INVESTMENTS**

For the financial year 2005/2006, the investments balance at the end of the year amounted to R2, 304 436.00

### **5. DEBTORS**

Consumer debtors increased by R 4 528 355 to R 25 805 834 (2005: R21 277 479), an average increase of 21%. This indicates that the measures implemented to recover outstanding debtors were inadequate, with the resulting negative impact on the cash flow position of the council. However a provision for bad debts at 30 June 2006 amounted to R10 000 000 has been raised.

### **6. CASHFLOW**

For the year under review, liquidity was strongly very positive and healthy. The municipality moved from positive balance of R9 392 717 to another positive balance of R11 997 123

## **7. FUNDS AND RESERVES**

The council does not have sufficient investments to cover funds and reserves. Accumulated funds, reserves and trust funds amounted to R18 907 478 million whilst total internal and external investments (Including Cash and Investments) amounted to R2 304 436 million thus resulting in a shortfall of R16 603 042 million

## **8. PROVISIONS**

Provisions amounting to R10 000 000 were made for the current year under review from the operating account, in respect bad debts and leave pay.

## **9. Post Balance Sheet Events**

Subsequent to 30 June 2006, the municipality did not enter into any agreement (both favourably and non-favourably).

## **EXPRESSION OF APPRECIATION**

Herewith my sincere gratitude towards Council members, Municipal Manager and Heads of Departments, for their valued support and co-operation during the year. A special word of thanks to the employees in all the Departments for their diligence, zeal and outstanding services rendered.

.....

Date:.....

**MNR JJ CROMHOUT**  
**ACTING DIRECTOR FINANCE**

## **ACCOUNTING POLICIES:**

### **1. BASIS OF PREPARATION**

1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second Edition – January 1996).

1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 4. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.

1.3 The financial statements are prepared on the accrual basis as stated:

- Income is accrued when measurable and available to finance operators. Certain direct income is accrued when received, such as traffic fines and certain licenses.
- Expenditure is accrued in the year it is incurred.

### **2. Consolidation**

The Financial Statements include the Rate and General services, Housing service, Trading services and the different funds and reserves. All inter departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, sewerage, electricity, water and premiums charged by the insurance fund, which are treated as income and expenditure in the respective departments.

### **3. Fixed Assets**

3.1 Fixed Assets are stated:

- at historical cost, or
  - at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation,
- while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Director for Finance.

3.2 Depreciation

The balance shown against the heading “Loans Redeemed and Other Capital Receipts” in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this “Provision” assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.

- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

3.3 All net proceeds from the sale of all assets (excluding Land) are credited to the Capital Development Fund.

3.4 Fixed assets are financed from the different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

#### **4. Inventory**

Inventory is valued at lower of cost, determined on the weighted average, and net realisable value.

### **5. FUNDS AND RESERVES**

#### **5.1 Capital Development Fund**

The Capital Development Fund Ordinance No. 9 of 1978, requires a minimum contribution of 1 (one) percent of the defined income of a local authority for the immediately preceding financial year.

#### **5.2 Loan Redemption Fund**

The redemption of Ramotshere Moiloa Local Municipality stock in the Consolidated Loans Fund is provided for by the annual repayment of advances made to the borrowing accounts calculated on the estimated life of assets acquired but subject to a limitation of a maximum of 30 years on the life of any individual asset. Internal loans are repaid in relation to the life of an asset. Redemption on government loans is paid half yearly on an annuity basis.

#### **5.3 Insurance Fund**

A general Insurance Fund is maintained to cover claims that may occur. Premiums are charged to the respective services, taking into account past claims and replacement value of the insured assets. Reinsurance cover is carried for major losses.

#### **5.5 Other Funds**

In addition to the Funds and Reserves listed under 5.1 to 5.4, municipality have other funds and reserves.

##### **5.5.1 Land Trust Fund.**

The proceeds on municipal property sold is credited to this fund and can be utilised for capital development.



### **5.5.2 IT funds**

IT funds are for all it equipment that is being utilised for upgrading. A minimum annual contribution of R30 000 is made against this fund.

### **5.5.3 Valuation Fund**

A minimum annual contribution of R50 000 is made against this fund.

### **5.5.4 Vehicles Mechanical Workshop**

A minimum annual contribution of R30 000 is made against this fund.

These policies reserve, where necessary, has been provided and is shown in Annexure A.

## **6. RETIREMENT BENEFITS**

Ramotshere Moiloa Local Municipality and its employees contribute to the Local Authorities Pension Fund, the Local Authorities Gratuity Fund, and the Local Authorities Retirement Fund and its councillors contribute to the Local Authorities Pension Fund for Councillors, which provides retirement benefits to such employees and councillors.

The retirement benefit plan is subject to the Pension Funds Act, 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs.

Full actual valuations are performed at least every three years.

## **7. Surpluses and Deficits**

Any surpluses or deficits arising from the operation of the Electricity and Water services are transferred to Rate and General services.

## **8. Treatment of administration and other overhead expenses.**

8.1 Administration expenses are charged to the various services at a constant amount.

## **9. Investments**

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred. Investments comprise surplus funds that are invested at approved financial institutions at a market related interest rates.

## **10. Leased Assets**

Fixed assets held under finance leases are capitalised. Such assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilised in each accounting period

All other leases are treated as operating leases and the relevant rentals are charged the operating account in a systematic manner related to the period of use of the assets concerned

## **11. Income recognition**

### **11.1 Electricity and Water Billings**

Meters in industrial areas, premises with high tension supplies, high density residential areas and certain selected residential areas are read and billed monthly.

Meters on all other properties are read quarterly and are provisionally billed monthly for the first two months of the period, with the necessary adjustment being made in the third month.

### **11.2 Assessment Rates**

Ramotshere Moiloa Local Municipality applies a differential site rating system. In terms of this system the assessment rates are levied on the land value of property, and rebates are granted according to the use to which a particular property is put. Rebates were granted to the owners of land accommodating dwelling units. Further relief based on conditions relating to age and income, was provided to the needy aged owners of property.

## BALANCE SHEET AT 30 JUNE 2006

	Note	2006 R	2005 R
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES			
Statutory funds	1	15,554,651	14,434,061
Reserves	2	3,352,827	2,856,697
RETAINED INCOME	16	11,019,770	14,020,170
LONG-TERM LIABILITIES	3	8,128,574	7,946,349
CONSUMER DEPOSITS:SERVICES	4	<u>1,099,020</u>	<u>1,060,528</u>
		<b><u>39,154,842</u></b>	<b><u>40,317,805</u></b>
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	6	10,098,065	9,212,279
LONGTERM DEBTORS	7	<u>2,797,400</u>	<u>2,871,654</u>
		12,895,465	12,083,934
NET CURRENT ASSETS		26,259,376	28,233,871
CURRENT ASSETS		53,642,187	37,323,575
Debtors	9	26,465,269	21,296,697
Stock		1,423,102	3,105,574
Short term deposits	8	2,304,436	2,195,752
Bank	13	23,446,779	10,722,949
Cash	21 9	2,602	2,602
CURRENT LIABILITIES		27,382,811	9,089,703
Provisions	10	10,000,000	1,500,000
Creditors	11	9,332,957	1,870,759
Suspense Account		7,391,543	5,713,798
Discrepancy In Internal Advances	15	5,146	5,146
Overdraft	13		
Short term portion of long-term liabilities	4	<u>653,165</u>	
		<b><u>39,154,842</u></b>	<b><u>40,317,805</u></b>

# INCOME STATEMENT FOR THE YEAR ENDED

30 JUNE 2007

2005 Actual income R	2005 Actual expenditure R	2005 Surplus/ (Deficit) R		2006 Actual income R	2006 Actual expenditure R	2006 Surplus/ (Deficit) R
34,080,610	30,814,756	3,265,854	<b>RATE AND GENERAL SERVICES</b>	36,804,388	35,143,636	1,660,751
27,336,558	17,652,804	9,683,754	Community services	30,496,710	21,135,763	9,360,947
1,617,712	7,898,473	-6,280,761	Subsidised Services	1,194,279	8,758,655	-7,564,376
5,126,341	5,263,480	-137,139	Economic services	5,113,399	5,249,219	-135,820
177,758	72,494	105,264	<b>HOUSING SERVICES</b>	189,159	51,427	137,732
19,437,684	16,975,335	2,462,349	<b>TRADING SERVICES</b>	19,678,272	16,787,227	2,891,045
53,696,052	47,862,585	5,833,467	<b>TOTAL</b>	56,671,819	51,982,291	4,689,528
		-1,206,241	Appropriations for this year			-7,689,928
		<b>4,627,226</b>	<b>Net surplus for the year</b>			<b>-3,000,400</b>
		9,392,944	Accumulated surplus beginning of the year			14,020,170
		<b>14,020,170</b>	<b>ACCUMULATED SURPLUS END OF THE YEAR</b>			<b>11,019,770</b>

(Refer to appendix D and E for more detail)

# **CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

	<b>Note</b>	<b>2006 R</b>	<b>2005 R</b>
<b>CASH RETAINED FROM OPERATING ACTIVITIES:</b>		12,882,909	3,041,592
Cash generated by operations	17	(3,489,565)	7,102,023
Investment income			111,705
(Increase)/decrease in working capital	18	14,266,589	(3,032,796)
		10,777,024	4,180,933
Less: External interest paid		(2,105,885)	(1,139,341)
<b>Cash available from operations</b>		12,882,909	3,041,592
Net proceeds on disposal of fixed assets		0	0
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Investment in Fixed Assets		(885,786)	5,323,489
<b>NET CASH FLOW</b>		<b>11,997,123</b>	<b>9,392,717</b>
<b>CASH EFFECTS OF FINANCING ACTIVITIES:</b>			
Increase/(decrease) in long-term Loans	19	835,390	3,505,053
(Increase)/decrease in cash investments	20	(108,683)	(31,221)
(Increase)/decrease in cash	21	(12,723,830)	5,337,833
			581,052
<b>Net cash (generated)/utilised</b>		<b>(11,997,123)</b>	<b>9,392,717</b>

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

		2006 R	2005 R
<b>1 STATUTORY FUNDS</b>			
Capital Development Fund		10,014,395	8,924,787
Redemption Fund		0	0
Revolving Fund		3,636,913	3,636,913
Land Trust Fund		1,903,343	1,872,362
		<u>15,554,651</u>	<u>14,434,061</u>
(Refer to appendix A for more detail)			
<b>2 RESERVES</b>			
Economic housing		34,574	34,500
Municipal Buildings		45,314	45,314
Town Treasurer		1,587	1,587
Vehicle Mec. Workshop		71,193	21,156
Sport Facilities		59,011	57,011
Mine Houses		14,727	14,727
Rent Loss		70,407	70,222
Community Facilities		24,817	24,817
Road Service Fund		954	954
Leave Reserve Fund		2,053,026	1,690,856
Valuation Fund		191,042	140,857
Insurance Fund		493,316	492,392
Library Fund		2,616	2,616
Damoewer Funds		0	0
IT Fund		285,869	255,314
Furniture for Museum		2,646	2,646
Town Embellishment Fund		526	526
Subsidy Roads		1,201	1,201
		<u>3,352,827</u>	<u>2,856,697</u>
(Refer to appendix A for more detail)			
<b>3 LONG TERM LIABILITIES</b>			
Local Registered Stock		0	0
Annuity Loans		8,781,739	7,946,349
Less: Short term portion		653,165	0
		<u>8,128,574</u>	<u>7,946,349</u>
(Refer Appendix B for more detail)			
<b>4 CONSUMER DEPOSITS</b>			
Consumers deposits	2	1,006,532	978,311
Sundry deposits	3	92,488	82,217
		<u>1,099,020</u>	<u>1,060,528</u>
<b>INVENTORY</b>			
Stock	7	1,423,102	3,105,574
		<u>1,423,102</u>	<u>3,105,574</u>
<b>5 FIXED ASSETS</b>			
Fixed assets at the beginning of the year		9,212,279	6,779,440
Capital expenditure during the year		3,235,145	5,323,489
Less: Assets written off, transferred or disposed of during the year			
<b>Total fixed assets</b>		<u>12,447,424</u>	<u>12,102,929</u>
<b>Less: Loans redeemed and other capital receipts</b>		<u>2,349,359</u>	<u>2,890,650</u>
<b>Refer to Balance sheet</b>		<u>10,098,065</u>	<u>9,212,279</u>
(Refer to appendix C and section 2 of the Treasurer's Report for more details on fixed assets)			

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

<b>6 LONGTERM DEBTORS</b>		<b>2006 R</b>	<b>2005 R</b>
Long term debtors	6	2,797,400	2,871,654
Less: Short-term portion transferred to Current debtors		<u>2,797,400</u>	<u>2,871,654</u>

## **7 INVESTMENTS**

Unlisted	4	2,289,234	2,152,155
Insurance Companies	5	<u>15,202</u>	<u>43,597</u>
Fixed Deposits		<u>2,304,436</u>	<u>2,195,752</u>

Section 125 of the Local Authorities Ordinance, No. 25 of 1974, requires local authorities to invest funds, which are not immediately required, with prescribed institutions.  
No investments have been written off during the year.

## **8 DEBTORS**

Current debtors (consumer and other)	8	25,805,834	21,277,479
Vat (Due by SARS)	12	<u>659,434</u>	<u>19,218</u>
		26,465,269	21,296,697
Less: Provision for bad debts	1	<u>10,000,000</u>	<u>1,500,000</u>
Net current debtors		<u>16,465,269</u>	<u>19,796,697</u>

No debts were written off as bad debts.

# **NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006**

		<b>2006</b>	<b>2005</b>
		<b>R</b>	<b>R</b>
<b>10 CREDITORS</b>			
Trade Creditors	11	9,332,957	1,870,759
		<u><b>9,332,957</b></u>	<u><b>1,870,759</b></u>
<b>SUSPENSE ACCOUNT</b>			
Suspense Account	10	7,391,543	5,713,798
		<u><b>7,391,543</b></u>	<u><b>5,713,798</b></u>
<b>11 ASSESSMENT RATES</b>			
		Actual	Actual
		income	income
		2006	2005
		R	R
		<u><b>8,913,063</b></u>	<u><b>9,452,284</b></u>
<b>12 COUNCILLORS' REMUNERATION</b>		<b>2006</b>	
		<b>R</b>	
Mayor's Allowance		165,287	144,858
Councillors' Allowances		2,363,336	2,382,212
Councillors' Pension Contributions		231,038	233,660
		<u><b>2,759,662</b></u>	<u><b>2,760,731</b></u>



# **NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006**

## **14 FINANCE TRANSACTIONS**

	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
Total external interest earned/(paid):		
Interest earned	166,350	111,705
Interest paid	<u>1,225,403</u>	<u>1,139,341</u>
	<b><u>1,391,753</u></b>	<b><u>1,251,046</u></b>
Capital charges debited to operating account:		
Interest: External	1,225,403	1,139,341
Internal	389,982	208,403
Redemption: External	248,547	872,450
Internal	<u>1,033,981</u>	<u>1,072,214</u>
	<b><u>2,897,913</u></b>	<b><u>3,292,408</u></b>

## **15 APPROPRIATIONS**

Appropriation account		
Unappropriated Surplus at the beginning of the year	14,020,170	9,392,944
Operating surplus for the year	4,689,528	5,833,467
Prior year adjustments	<u>(7,689,928)</u>	<u>(1,206,241)</u>
	<b><u>11,019,770</u></b>	<b><u>14,020,170</u></b>
Operating account		
Capital expenditure	1,150,560	919,986
Contributions to:		
Provisions	1,500,000	600,000
Reserves	132,000	112,000
Capital Development Fund	<u>730,000</u>	<u>600,000</u>
	<b><u>2,362,000</u></b>	<b><u>1,312,000</u></b>

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# **NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006**

	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
<b>16 CASH GENERATED BY OPERATIONS</b>		
Surplus for the year	4,689,528	5,833,467
Adjustments in respect of:		
Previous years' operating transactions	(7,689,928)	(1,206,241)
Appropriations charged against income:	2,226,895	1,212,000
. Capital Development Fund	1,089,608	600,000
. Reserves	1,137,286	612,000
Capital Charges:	(2,105,885)	(8,768,801)
. Interest paid:		
- to internal funds	389,982	208,403
- on external funds	1,225,403	1,139,341
. Redemption		
- of external loans	(3,721,269)	(10,116,545)
Investment income (operating account)		
Non-operating income:		
. Trust Funds		
. Statutory Funds	63,771	
. Provisions		
Non-operating expenditure:		
. Statutory Funds	32,790	
. Trust Funds		
. Provisions		
. Reserves	641,156	1,831,823
	<b>(3,489,565)</b>	<b>7,102,023</b>

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# **NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006**

	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
<b>17 (INCREASE)/DECREASE IN WORKING CAPITAL</b>		
(Increase)/decrease in debtors	3,405,683	(22,668,352)
Increase/(decrease) in Deposits	38,492	1,060,528
Increase/(decrease) in Suspense Account	1,677,745	5,713,798
(Increase)/decrease in Stock	1,682,472	(3,105,574)
Increase/(decrease) in creditors	<u>7,462,197</u>	<u>1,870,759</u>
	<b><u>14,266,589</u></b>	<b><u>(17,128,841)</u></b>
<b>18 INCREASE/(DECREASE) IN LONG-TERM LOANS (EXTERNAL)</b>		
Loans raised	835,390	4,125,053
Loans repaid	<u>0</u>	<u>0</u>
	<b><u>835,390</u></b>	<b><u>4,125,053</u></b>
<b>19 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENT</b>		
Investment realised		
Investment made	<u>(108,683)</u>	<u>(2,195,752)</u>
	<b><u>(108,683)</u></b>	<b><u>(2,195,752)</u></b>
<b>20 (INCREASE)/DECREASE IN CASH ON HAND</b>		
Cash balance at beginning of the year	10,725,551	0
Less: Cash balance at the end of the year	<u>23,449,381</u>	<u>10,725,551</u>
	<b><u>(12,723,830)</u></b>	<b><u>(10,725,551)</u></b>

# **NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006**

	2006	2005
Remuneration of Municipal Manager	<u>608,511</u>	<u>504,000</u>
Remuneration of Individual Executive Directors 30 June 2006	Financial Services <u>R</u> <u>427,390</u>	Financial Services <u>R</u> <u>293,535</u>
Remuneration of Individual Executive Directors 30 June 2006	Senior Managers <u>R</u> <u>693,749</u>	Senior Managers <u>R</u> <u>441,326</u>

## STATUTORY FUNDS, RESERVES AND TRUST FUNDS

18,907,478

## APPENDIX B

### EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS	Loan No.	Redeemable		Balance at 2005/06/30 R	Received during the year R	Redeemed or written off during the year R	Balance at 2006/06/30 R
<b>Local Registered Stock Issued</b>							
<a href="#">1975@11.7%</a>	12	2004	1	0		0	0
<a href="#">1973@8.65%</a>	14	2003	3	0		0	0
<a href="#">1984@15.9%</a>	33	2004	2	0		0	0
<a href="#">1984@16.5%</a>	34	2004	4	0		0	0
				0	0	0	0

Annuity Loans	5	7,946,349	835,390			8,781,739
		7,946,349	835,390		0	8,781,739

INTERNAL ADVANCES TO BORROWING SERVICE		Balance at 2006/06/30 R	Received during the year R	Redeemed or written off during the year R	Balance at 2007/06/30 R
Revolving Fund	6	153,796			153,796
Loans Redeemable Fund	7	400,587		146,273	254,314
Capital Development Fund	8	2,863,202	630,882	887,708	2,606,377
		3,417,585	630,882	1,033,981	3,014,486

## APPENDIX C

## ANALYSIS OF FIXED ASSETS

Expenditure 2005 R	SERVICE	Budget 2006 R	Balance at 2005/06/30 R	Expenditure 2006 R	Written off transferred redeemed or disposed of during the year R	Balance at 2006/06/30 R
4,861,184	<b>RATE AND GENERAL SERVICES</b>	0	37,320,622	3,091,966	0	40,412,588
125,711	<b>Community Services</b>	0	11,440,919	910,982	0	12,351,901
0	Cemetery	1	98,933	0		98,933
87,670	Public Works	2	8,650,142	60,921		8,711,063
0	Council General	3	1,087,076	766,484		1,853,560
356	Town Secretariat	4	31,751	0		31,751
11,684	Town Treasurer	5	974,034	83,577		1,057,611
0	Fire Protection	6	545,686	0		545,686
26,000	Town Clerk	7	53,297	0		53,297
54,636	<b>Subsidised Services</b>	0	9,193,147	357,631	0	9,550,778
0	Civic Buildings	9	2,006,902	0		2,006,902
0	Ambulance	8	67,933	0		67,933
4,855	Mechanical Workshop	10	6,225,040	337,833		6,562,873
0	Library	11	49,506	0		49,506
0	Museum	15	5,141	0		5,141
43,428	Health Services	13	389,420	0		389,420
0	Civil Engineering Services	14	239,376	0		239,376
6,354	Parks and Recreation	12	209,828	19,798		229,626
4,680,836	<b>Economic Services</b>	0	16,686,556	1,823,353	0	18,509,909
4,377,503	Fixed Assets	16	7,192,540	453,495		7,646,035
92,948	Licensing	17	1,379,867	4,436		1,384,302
210,386	Sewerage	18	8,114,149	1,365,422		9,479,572
0	<b>HOUSING SERVICES</b>	0	347,609	0	0	347,609
0	Economic Housing	19	347,609	0		347,609
462,305	<b>TRADING SERVICES</b>	0	19,273,624	143,179	0	19,416,804
428,005	Electricity	20	7,290,949	31,826		7,322,775
34,300	Water	21	11,982,676	111,353		12,094,029
<b>5,323,489</b>	<b>TOTAL FIXED ASSETS</b>	<b>0</b>	<b>56,941,855</b>	<b>3,235,145</b>	<b>0</b>	<b>60,177,000</b>
<b>2,890,650</b>	<b>LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b>		<b>47,729,576</b>	<b>2,349,359</b>	<b>0</b>	<b>50,078,935</b>
1,944,664	Loans redeemed and Advances Paid	22	19,150,774	1,198,799		20,349,574
919,986	Contributions ex operating income	23	8,118,921	1,150,560		9,269,481
0	Provisions and reserves	24	8,132,033	0		8,132,033
26,000	Grants and subsidies	25	12,317,338	0		12,317,338
0	Public contributions	26	10,510	0		10,510
	<b>NET FIXED ASSETS</b>		<b>9,212,279</b>	<b>885,786</b>	<b>0</b>	<b>10,098,065</b>

## APPENDIX D

### ANALYSIS OF OPERATING INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2006

Actual 2005 R			Actual 2006 R	Budget 2006 R
<b>INCOME</b>				
17,115,911	Government and Provincial grants and subsidies	7	21,660,050	20,513,607
36,580,141	Income from Tariffs, Service Charges etc.	9	35,002,658	48,169,550
<u>53,696,052</u>			<u>56,662,708</u>	<u>68,683,157</u>
<b>EXPENDITURE</b>				
21,713,671	Salaries, wages and allowances	1	23,445,785	36,088,947
15,610,502	General expenses	2	15,875,030	19,495,310
4,407,786	Repairs and maintenance	3	5,267,447	4,069,200
3,140,639	Capital charges	4	2,897,913	3,265,900
919,986	Contributions to fixed assets	5	1,069,406	2,643,800
1,312,000	Contributions to funds	6	2,496,731	2,362,000
47,104,585			51,052,312	67,925,157
758,000	Less: Charged out	10	920,868	758,000
<u>5,833,467</u>			<u>4,689,528</u>	<u>0</u>



# APPENDIX E

## DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual income R	2005 Actual expenditure R	2005 Surplus/ (Deficit) R		2006 Actual income R	2006 Actual expenditure R	2006 Surplus/ (Deficit) R	2006 Budget Surplus/ (Deficit) R
<b>RATE AND GENERAL SERVICE</b>							
<b>27,336,558</b>	<b>17,652,804</b>	<b>9,683,754</b>	<b>Community Services</b>	<b>30,496,710</b>	<b>21,135,763</b>	<b>9,360,947</b>	<b>(2,389,512)</b>
9,452,284	0	9,452,284	Assessment Rates	1	8,913,063	216,445	8,696,619
16,020,467	3,527,391	12,493,076	Council General Expenditure	2	20,514,121	5,422,379	15,091,742
0	20,822	(20,822)	Fire Protection	3	0	0	0
23,563	193,512	(169,949)	Cemetery	4	30,669	227,574	(196,905)
35,232	6,520,805	(6,485,574)	Public Works	5	21,865	6,967,583	(6,945,718)
0	1,100,626	(1,100,626)	Municipal Manager	6	0	1,316,734	(1,316,734)
0	293,988	(293,988)	Internal Audit	7	0	298,772	(298,772)
147,689	1,198,244	(1,050,554)	Corporate Services	8	148,290	1,789,897	(1,641,608)
0	0	0	Human Resources	9	0	0	0
1,657,324	3,823,822	(2,166,499)	Finance	10	868,702	3,894,037	(3,025,335)
0	973,593	(973,593)	Streets	11	0	1,002,341	(1,002,341)
<b>1,617,712</b>	<b>7,898,473</b>	<b>(6,280,761)</b>	<b>Subsidised Services</b>	<b>1,194,279</b>	<b>8,758,655</b>	<b>(7,564,376)</b>	<b>8,113,534</b>
152,710	2,076,156	(1,923,446)	Municipal Buildings	12	172,015	2,175,419	(2,003,405)
622,000	2,880,103	(2,258,103)	Mechanical Workshop	13	612,000	3,252,750	(2,640,750)
360,643	437,496	(76,853)	Library	14	12,264	586,238	(573,974)
3,688	1,102,757	(1,099,069)	Parks and Recreation	15	8,360	1,086,934	(1,078,574)
358,667	847,997	(489,330)	Health Services	16	269,421	1,081,922	(812,501)
4	464,954	(464,949)	Civil Engineering Services	17	219	495,297	(495,078)
120,000	89,011	30,989	Electric engineering Services	18	120,000	80,094	39,906
<b>5,126,341</b>	<b>5,263,480</b>	<b>(137,139)</b>	<b>Economic Services</b>	<b>5,113,399</b>	<b>5,249,219</b>	<b>(135,820)</b>	<b>(1,443,382)</b>
121,711	67,572	54,140	Fixed Assets	20	150,904	150,995	(91)
1,642,803	1,924,344	(281,541)	Licencing	21	1,785,345	1,798,597	(13,252)
1,179,802	1,630,821	(451,019)	Sewerage	22	1,193,899	1,376,334	(182,435)
0	269,124	(269,124)	Sewerage reticulation	23	0	120,192	(120,192)
127,138	670,570	(543,433)	Septic Tanks	24	130,924	756,925	(626,001)
2,054,886	701,049	1,353,837	Refuse	25	1,852,325	1,046,175	806,151
<b>177,758</b>	<b>72,494</b>	<b>105,264</b>	<b>Housing Service</b>	<b>189,159</b>	<b>51,427</b>	<b>137,732</b>	<b>(104,000)</b>
177,758	72,494	105,264	Economic Services	26	189,159	51,427	137,732
<b>19,437,684</b>	<b>16,975,335</b>	<b>2,462,349</b>	<b>TRADING SERVICE</b>	<b>19,678,272</b>	<b>16,787,227</b>	<b>2,891,045</b>	<b>(4,183,640)</b>
13,773,082	12,598,203	1,174,879	Electricity	27	14,569,976	12,800,565	1,769,411
5,664,602	4,377,132	1,287,470	Water	28	5,108,297	3,986,662	1,121,634
<b>53,696,052</b>	<b>47,862,585</b>	<b>5,833,467</b>	<b>TOTAL</b>	<b>56,671,819</b>	<b>51,982,291</b>	<b>4,689,528</b>	<b>(7,000)</b>
		(1,206,241)	Appropriations for this year			-7,689,928	
	<b>4,627,226</b>		<b>Net surplus for the year</b>			<b>(3,000,400)</b>	
	9,392,944		Accumulated surplus beginning of the year	14		14,020,170	
	<b>14,020,170</b>		<b>ACCUMULATED SURPLUS END OF THE YEAR</b>	<b>14</b>		<b>11,019,770</b>	